

Message Text

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43

ACTION COME-00

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FM AMCONSUL DHAHRAN

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AMEMBASSY JIDDA

LIMITED OFFICIAL USE DHAHRAN 1154

E.O. 11652: N/A

TAGS: BTIO, SA

SUBJECT: KIMBERLY CLARK REQUEST FOR INFO ON CHANGE OF OWNERSHIP
OF SAUDI DISTRIBUTOR-LICENSEE

REF: JIDDA 6062, STATE 220396, DHAHRAN 0146

1. CONTENTS OF REF EMBTEL ESSENTIALLY CORRECT AND FOLLOWING
FURNISHED TO PROVIDE ADDED DETAIL. TTI IS AN OFFSHORE LIBERIAN
HOLDING COMPANY WITH THREE SUBSIDIARIES OPERATING IN SAUDI ARABIA.
ONE OF THESE IS GENERAL TRADING COMPANY, WHICH IS THE KIBERLY
CLARK LICENSEE MENTIONED IN PARA 2 OF DEPTTEL. UNTIL AGREEMENT
REACHED WITH JARDINE MATHESON (J-M), 97.5 PERCENT OF TTI WAS OWNED
BY OLAYAN AND 2.5 PERCENT BY AMERICAN EXPRESS. AMEX PURCHASED
ITS SHARE IN APRIL 1975 AND SIGNED A LONG-TERM MANAGEMENT CONTRACT
WITH TTI, ITS RESIDENT REPRESENTATIVE IS ZAHY W. KHOURI, AN
AMCIT BORN IN LEBANON AND EDUCATED IN GERMANY.

2. FOR SEVERAL MONTHS NOW WE HAVE KNOWN J-M WAS NEGOTIATING
WITH OLAYAN. AGREEMENT BETWEEN J-M AND OLAYAN WAS SUPPOSED
TO HAVE BEEN SIGNED ON AUGUST 31 BUT TTI HAS NOT RECEIVED CONFIR-
MATION THAT FINAL AGREEMENT WAS REACHED. TTI'S MANAGEMENT ASSUME
IT WAS AND IS PROCEEDING ACCORDINGLY. UNDER NEW ARRANGEMENT AMEX
WILL STILL BE A TTI SHAREHOLDER BUT, OBVIOUSLY, ITS SHARE HOLDING
WILL BE REDUCED SLIGHTLY. WE UNDERSTAND THAT J-M IS MAKING CAPITAL
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INFUSION INTO TTI AS WELL AS MAKING CASH PAYMENT TO OLAYAN DIRECTLY

FOR ITS 25 PERCENT SHARE IN TTI. WE ANTICIPATE THAT TTI WILL SOON
BE NEGOTIATING JOINT-VENTURES HERE TO ESTABLISH NEW MANUFACTURING
FACILITIES. OLAYAN HAS JUST TRANSFERRED IN A LONG-TIME
AMCO EMPLOYEE WHO IS NOW PLANNING ADDITIONAL MANUFACTURING
UNITS TO BE SET UP HERE UNDER CONTROL OF TTI.

3. COMMENT: WE ARE CURIOUS WHY KIMBERLY CLARK IS SO NERVOUS ABOUT
THE J-M/OLAYAN TRANSACTION. BOTH PARTNERS ARE WELL-KNOWN AND RESPECTE
D.

OLAYAN'S CLEANSING TISSUE MANUFACTURING OPERATION IS MODESS INDEED --
THREE SMAL MACHINES CUTTING UP ROLLS OF TISSUE AND STUFFING
THE FINISHED PRODUCT INTO BOXES. THE WHOLE OPERATION ISN'T WORTH A
GOOD SNEEZE. FOR MORE ON TTI WE SUGGEST READING OF REFTEL WHICH
DISCUSSES ANOTHER SUBSIDIARY OF TTI. WE ALSO NOTE THAT EXIM BANK
HOLDS OLAYAN AND HIS ROUP OF COMPANIES IN HIGH REGARD.
BUSHNELL

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